



Iowa Department of Administrative Services

Customer Council Archives

Council: I/3 (State Accounting)

For Calendar Year: 2005

Meeting Dates:
January 13
February 10
March 10
May 12
June 9
June 23
September 8

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State Accounting I/3 Interim Customer Council Meeting Agenda

January 13, 2005

1:30 - 3:30

Hoover B level, conference room 3

Hoover Building

1. Call to Order – Roger Stirler
2. Additional Agenda Items – Roger Stirler
3. Approval of Minutes for December 9th meeting – Roger Stirler
4. Approval of Minutes for December 16th meeting – Roger Stirler
5. ITE Customer Council Update regarding rescinding of rates – Steve Mosena
6. Waiver for setting FY06 rates – Roger Stirler
7. I/3 Financials – Denise Sturm
 - FY06 Rate Information
 - Timelines
8. I/3 Background for Council Members – Sharon Sperry
9. I/3 User Group Update – Calvin McKelvogue
10. Keeping stakeholders and customers informed about the Council activities – Group
11. Open Discussion
12. Agenda Items for Next Meeting – Roger Stirler
13. Close and Adjourn - Roger Stirler

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State Accounting I/3 Interim Customer Council Meeting Minutes

Janaury 13, 2005
Hoover Building, B level

Present

Chairperson Roger Stirler, Department of Education; Vice-Chairperson John Baldwin, Department of Corrections (via phone); Rich Jacobs, Department of Revenue; Carl Martin, AFSCME; Steve Mosen, Department of Human Services; Peggy Sullivan, Judicial; Cal McKelvogue, DAS-SAE; Mollie Anderson, Director, DAS; Patricia Lantz, DAS; Linda Plazak, DAS; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; Marcia Spangler, Public Health, Nancy Williams, DAS/GSE.

Call to Order

Meeting called to order at 1:30 by Chairperson Roger Stirler.

Approval of Minutes of December 9, 2004

Correction to meeting minutes – Page two – (Charlie Smithson) “When DAS gets ready to speak to Legislators about these difficult issues, I hope that you (DAS/Director Anderson), will contact members of the Customer Council who could probably help in discussions with the Legislators. Rich Jacobs moved to approve the minutes with the changes noted, Steve Mosen seconded the motion. Motion passed.

Approval of Minutes of December 16, 2004

Rich Jacobs moved to approve the minutes as submitted, Steve Mosen seconded the motion. Motion passed.

ITE Customer Council Update regarding rescinding of rates

Steve Mosen – at the last meeting the Council discussed the need to rescind our rates and then have asked that this Council take that up for FY06.

Waiver for setting FY06 rates

Roger Stirler requested a waiver on behalf of the I/3 Council from DAS Director Anderson; she has approved that waiver for us to set our FY06 rates outside the rate-setting period. We have that waiver in place, which will allow us to go ahead and start those rates and get those set.

I/3 Financials

Denise Sturm stated DOM is expecting the I/3 Customer Council to have an approved FY06 rate before the Governor’s recommended budget is presented, since DOM included the appropriated transfer amount that you have received for the ’05 rate, into the Governor’s recommendation. It is important to get the FY06 rate approved.

Denise distributed an eleven page financial document to the members, discussed the various items and answered questions.

Denise advised the I/3 costs have changed and DAS Accounting is continuing to work on some of those budgets. Changes are not so much in personnel, mostly in the hardware, software and maintenance areas.

From page 1 of financials, Denise noted the \$8.64 rate is a set rate for the year, it doesn't change, and the quantity doesn't change from month to month.

Rich Jacobs made the motion to approve the rate of \$8.64 per person, per month for FY06. Steve Mosena seconded the motion. Discussion – Peggy Sullivan stated she could not support this rate. Peggy noted she had great respect for the project, agrees with the benefits, and thinks it is something the State of Iowa needs. Judicial sees this as a Leadership function. Peggy stated she couldn't support paying a full share for the Judicial Branch based upon these rates.

Bylaws of how many members it takes to vote on an issue discussed at length. Patricia Lantz stated it is 2/3 of members present. It was noted the bylaws currently state 2/3 of quorum.

Motion passed (5 members voting for the rate and 1 member against rate).

I/3 Background for Council Members

Sharon Sperry presented a Power Point presentation to the group. Presentation attached as part of these minutes.

Sharon Sperry noted from the planning study our original estimate was about \$40 million, we are not close to that, even with our extra costs. The State of Missouri has spent in the \$70 million range, Pennsylvania was even more.

We have some upgrades in progress, mostly in "performance" at this time. This is considered a Performance Enhancement upgrade and should be before May, 2005. A major issue is "down time"; we will need to find a way to work around that. This will be done in a "test environment" first, and then we will do the conversion.

Sharon noted most of the presentations are on the LSA website, we have not put it on anything ourselves.

I/3 User Group Update

Calvin McKelvogue noted we have made some very large steps in the User Groups, we have had good responses, some agencies gave us several individuals to serve on the groups. Every agency except one has a representative on a User Group, the one agency is a very low user who inputs two or three documents a month.

Kick-off meeting on Monday, January 24th, Hoover B-Level, from 11:00am to 12:00noon. We will bring everyone in. This will be a thank you and what is expected from the user groups, then Lori will start working with them. We will introduce all the SME's (Subject Matter Experts), to the users so they can get to know them. The SME's are going to be the people who are going to assist the departments and be able to help them make the changes and make the adjustments they need to move forward. They are going to be the "keys" to making the I/3 system work.

Calvin noted there has not been anyone decline the invitation to be on one of the groups, everyone seems to understand these user groups are going to be the key to moving this forward. Feedback from the user groups will go to Lori and Sharon who will put together the

plans on how we are going to move forward to make some of those improvements.

Calvin stated we are going to have to do a little changing of the way people think about this, people need to think of this as one system in which the changes have to be made where the most benefit is gained by the enterprise.

Keeping stakeholders and customers informed about the Council activities

Roger Stirler stated he has agreed with Lori that he will take part in the monthly conference calls held with all users; he will give an update on what the I/3 Council is doing. He will also have a “standing piece” on the Financial Manager’s meetings that are held quarterly. Roger would like to see the agendas for the I/3 Customer Council meetings to go to Financial Managers routinely every month so they will know what is happening and have the ability to attend these meetings if they choose.

Linda Plazak stated the “Customer Focus” newsletter DAS publishes, the purpose of it is a venue for the Customer Councils to speak to the customers, to the stakeholders and to other interested parties. If you have items you want in this newsletter, please use that avenue.

Open Discussion

None

Suggested Agenda Items for Next Meeting

- Revise the by-laws to reflect the intent of the Council

Close and Adjourn

Meeting adjourned at 3:00 pm.

Respectfully submitted,
Nancy Williams, GSE – Recorder
281-7259

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State Accounting I/3 Interim Customer Council Meeting Agenda

February 10 , 2004

1:30 - 3:30

Hoover B level, conference room 3

Hoover Building

1. Call to Order – Roger Stirler
2. Additional Agenda Items – Roger Stirler
3. Approval of Minutes from January 13th meeting – Roger Stirler
4. Update by Mollie Anderson
 - Council feedback session proposal
 - Categories of service recommendation process
5. I/3 Financial Update – Denise Sturm
6. I/3 Update on H/R and Payroll Modules– Sharon Sperry
7. I/3 User Group and Finance Update – Lori McClannahan
8. Revise and Approve Bylaws – Roger Stirler
9. Complaint Process Review and Adoption – Roger Stirler
10. Open Discussion
11. Agenda Items for Next Meeting – Roger Stirler
12. Close and Adjourn - Roger Stirler

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State Accounting I/3 Interim Customer Council Meeting Minutes

February 10, 2005
Hoover Building, B level

Present

Chairperson Roger Stirler, Department of Education; Vice-Chairperson John Baldwin, Department of Corrections; Rich Jacobs, Department of Revenue; Carl Martin, AFSCME; Steve Mosena, Department of Human Services; Charlie Smithson, Ethics Campaign Disclosure Board; Peggy Sullivan, Judicial; Cal McKelvogue, DAS-SAE; Penny Westfall, ILEA; Mollie Anderson, Director, DAS; Lori McClannahan, DAS-I/3; Sharon Sperry, DAS-I/3; Linda Plazak, DAS – Marketing; Nancy Williams, DAS/GSE.

Call to Order

Meeting called to order at 1:30pm

Approval of Minutes of January 13, 2005 meeting

Rich Jacobs moved to approve the minutes as written. Steve Mosena seconded the motion. Minutes approved.

Update (DAS Director, Mollie Anderson)

- Categories of service
 - In the current DAS legislation, there is a requirement that you be provided the opportunity for input on whether the categorization of DAS products and services are correct.
 - ITE - about 85% of what they do is marketplace.
 - HRE, probably 95% of what they do is utilities.
 - GSE - it's probably split, but there are a fair number of utilities that GSE has as well.
 - SAE, they only have one product that is a utility; however, there is considerable debate about whether the I/3 should be in utility, marketplace or leadership.
 - My sense from the Legislative body is there is a desire by them to have everything be marketplace.
 - DAS's concern is that the customers must have funds to buy the services; that means agencies have to be adequately funded to buy it.
 - DAS has made tremendous progress in implementing this entrepreneurial model.
 - It is time for you to give that feedback. Please send feedback to me, it is important to hear whether you think this is being done properly or not.
- Customer Council feed-back session scheduled for May 9, 2005.
 - As a group, we will discuss things that are working for you and what is not

working for you.

- There are some questions about:
 - Should we have this many councils?
 - Should we have one major council?
 - How do we engage directors in those decisions?
 - Does this provide the right input for customers?
- Rich Jacobs asked DAS to send a notice to department heads notifying them DAS is collecting input on what they believe should be utility, marketplace or leadership? Included in this should be a reminder of who their Customer Council members are.
- Mollie noted she believes a lot of people will want to just wait to see how this Legislative sessions turns out in terms of appropriations.

I /3 Financial Update (Denise Sturm)

None – Denise Sturm on vacation

I /3 Update on H/R and Payroll Modules – Sharon Sperry

- Working on Policies & Procedures guides.
- Baseline training materials.
- Looking at the number of people we will have in training, reserve rooms, etc.
- Looking at testing schedules for Fall.
- Looking at doing a monthly update
 - Agency readiness types of things
 - Things coming up in the next couple months
 - Talk about how to train the “on-line” time sheets
- Financial Upgrade
- Doing modifications and installing new equipment to house the HR portion as well as the finance upgrade and the budget
- Roger Stirler noted he would be interested about knowing how the HR piece links up with Finance. Sharon stated they are looking at this.
- Travel – the travel portion to actually enter your travel request as a part of the employee self-service has not been finalized.
- Sharon advised they are communicating to the agency personnel managers regarding the timeline for the HR component.
- Work Activity page in HRIS – this functionality will be there in the new system – it will be converted if it is in the current HRIS system.
- Charlie Smithson advised the Chair of the House Subcommittee (Representative Elgin) just paid I/3 a great compliment. The demo impressed him.

I /3 User Group and Finance Update – Lori McClannahan

- User groups have been formed. Always going to meet the 2nd or 3rd weeks in the month. They turned out good as far as equal representation among groups. Four different groups; approvers, pre-auditors, processors and financial managers.
- Performance enhancement upgrade, have been working with AMS to try to get that done. It is tentatively scheduled for Memorial Day weekend. AMS is providing us with six additional people, at no cost to us, to get the plan to work. We want it seamless for the customer
- Conference calls have been changed to monthly and are more diverse.
- Staffing:
 - Roger Johnson - Assistant Program Manager
 - Mike Hahn recently re-assigned to the Finance SME
 - Advertising for the Cost Accounting and Security position.
- Peggy Sullivan discussed the old Schedule 9's which project salaries – must have an accurate one. Lori advised she will ask Niki about this.
- John Baldwin stated Corrections has a room with 10 computers and nice white board for training.

- Vendor Entry Changes and Commodity Codes need to be done before we start the upgrade.

Revise and Approve Bylaws (Roger Stirler)

- Changes:
 - Page two, Article 5 – officers and staff – it did read “Officers shall be elected by two thirds quorum – the word quorum has been removed.
 - Page three, Article 9 – voting – the first two sections have been changed and the word quorum was removed from those sentences.
- Charlie Smithson moved to approve the Bylaws with the changes noted. John Baldwin seconded the motion. Motion carried.

Open Discussion

- The April meeting is cancelled due to member’s scheduling problems
- **May 9th – DAS feedback session to review lessons learned and consider opportunities for improvement. To be held in Grimes Building, North and South Conference Rooms from 1:30 to 3:30.**

Complaint Process Review and Adoption (Roger Stirler)

- Roger Stirler advised each Customer Council is required to have a complaint resolution process.
- John Baldwin stated he was biased toward the GSE Complaint process, it has a logical flow, and it just makes sense, gives reasonable expectations and stated he would recommend the GSE Complaint Process.
- After discussion, John Baldwin suggested this Council draft a basic model from the GSE Dispute Resolution and send to council members for review before the March meeting.
- Tabled until the March meeting when a draft will be brought before the Council for approval.

Open Discussion

- Linda Plazek advised DAS is re-doing their home page to include information on all Customer Councils.

Agenda Items for Next Meeting – Roger Stirler

- Dispute Resolution Process – Review and Action Item
- Input on the Leadership/Marketplace/Utility services
- Begin the rate setting process

Next Meeting Date

March 10, 2005 1:30 – 4:00

April 14, 2005 1:30 – 4:00

May 12, 2005 1:30 – 4:00

Close and Adjourn

Meeting adjourned

Respectfully submitted,
Nancy Williams, GSE – Recorder
281-7259



State Accounting Enterprise

I/3 Interim Customer Council Meeting Agenda

March 10, 2005

1:30 – 3:30

Hoover Level B, rooms 2 and 3

1. Call to Order – Roger Stirler
2. Additional Agenda Items – Roger Stirler
3. Approval of Minutes from February 10th meeting – Roger Stirler
4. I/3 Financial Update – Denise Sturm
5. Discussion of DAS Categories of Services - All
6. I/3 Update on H/R and Payroll Modules– Sharon Sperry
7. I/3 User Group and Finance Update – Lori McClannahan
8. Complaint Process Review and Adoption – Roger Stirler
9. Open Discussion
10. Agenda Items for Next Meeting – Roger Stirler
11. Close and Adjourn - Roger Stirler

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State Accounting I/3 Interim Customer Council Meeting Minutes

March 10, 2005
Hoover Building, B level

Present

Chairperson Roger Stirler, Department of Education; Rich Jacobs, Department of Revenue; Steve Mosena, Department of Human Services; Peggy Sullivan, Judicial; Penny Westfall, ILEA; Lori McClannahan, DAS-I/3; Linda Plazak, DAS-Marketing; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; Nancy Williams, DAS/GSE; Carol Stratemeyer, DAS.

Absent

John Baldwin, Corrections; Carl Martin, AFSCME; Charlie Smithson, Ethics.

Call to Order

Meeting called to order at 1:30 p.m.

Additional Agenda Items

None

Approval of Minutes of February 10, 2005 meeting

No quorum of members to approve the minutes

I/3 Financial Update – Denise Sturm

- DAS has billed I/3 charges on the last bill sent out the 7th of March. It was billed back to July 1 through the end of February and it will continue monthly through the end of this year.
- Rates – this is very early to be thinking about FY07 budget. Denise discussed the draft copy of the direct expenses projected for I/3. (Handout distributed)
- Page one of the handout discussed the assumption and various rates.
- The model of direct costs being presented assumes that I/3 receives the full appropriation for next year. If they don't, there will be a loan and there will be interest to pay, which will be another cost.
Assumption # 3 – IT rates, should say FY05.
- Page two – summary of Direct Costs of I/3 divided between the primary operational areas of I/3 – the actual I/3 – ITE staff and the Subject Matter Experts (SME's). Gross is the grand total of the two together.
- Page three – Is a listing of all FTE's or personnel that will be used for operation of I/3 and those are divided between ITE support and SME support. In a number of ITE positions, a portion of the position was used. The distribution was determined by Sharon Sperry while working with the appropriate staff in ITE.
- Page four – is a break-down of some of the other expenses included, i.e., attorney

general, auditor, what makes up reimbursement to other state agencies, reimbursements to ITE, workers compensation billing and data processing – non-inventory where we have summarized the on-going costs of maintenance with AMS, the lease costs for the servers, licenses, and other maintenance costs of operating I/3.

- Denise advised she does not have “divisor figures”, stating she believed the Council should try to push it further out to set the rates more around May and discuss what the divisor should be. Indirect costs will be included as we get closer to getting the budget together.
- There will be a new internal service fund requested for I/3 that will begin to operate in FY06.
- Peggy Sullivan noted the “numerator” needs to be discussed as well.
- Rates must be set by July 19 so there can then be a 30 day comment period.
- Rich Jacobs asked if there was an Investment Plan, Spend Plan or Depreciation Plan on equipment since we are in the 3rd year of some of the equipment. Sharon Sperry noted if you lease you can usually lease something bigger, better, etc., for the same amount of money. This will keep it more of a stable cost for expenses for the equipment along the way. Rich stated he would like to see an Equipment Life Cycle document.
- Roger advised the outline of the Business Plan has a section which addresses that issue.
Peggy Sullivan questioned “out of state travel” and “communications”. Sharon Sperry discussed what was in the communications budget, i.e. the ICN sessions to give updates, the conference calls, etc.
- Sharon discussed “storage”, how long to keep, at what level, etc. makes a difference in cost – many decisions along these lines will need to be made down the road.
- Denise Sturm stated the “business plan” can probably answer many of these questions but stated she did not know the deadline for getting the business plan finished.. Denise stated we need to support this system, it needs to operate as efficiently and effectively as possible, we need to give the staff the tools to make it work well.
- Sharon Sperry stated the upgrades are part of the maintenance.
- Denise reminded the Council that IFAS and HRIS were services caught up in the Federal Over Recovery of ITE, they were never given full appropriation needed to operate at the level ITE was operating them, they were being subsidized through other rates. There was never enough appropriations set aside to cover an ongoing fully loaded cost of using IFAS and HRIS.
- Peggy asked about allocating cost based on storage usage? Peggy pointed out the budget system is huge and Judicial really doesn't need a huge budget system.
- Denise stated an “enterprise view” of this system is needed. Trying to utilize all facets of the I/3 system is in the state's best interest. If you start to “part out” pieces and ask people to pay on what they are using, there is no incentive for them to try to use more.

Discussion of DAS Categories of Service

Roger Stirler stated at some point this committee must make a decision on what we are going to forward to DAS Director Mollie Anderson as feedback from this council. Roger stated he had received very little feedback yet.

Steve Mosena noted Director Anderson asked the agencies to give feedback. Linda Plazak stated a memo went out asking for feedback by the end of the month – feedback was supposed to be sent to Linda Plazak.

Roger Stirler stated that each agency probably needs to express their opinion to Director Anderson.

Steve Mosena stated that if this is truly an enterprise service, that's a Leadership function. Peggy stated that if we are looking at a new enterprise system at a time when there is not money, then it should be a leadership function and the Legislature should step up and fund this during the development, testing and implementation phases. When the system is fully

functional and working smoothly then it could be moved to a utility status.

Rich Jacobs stated that we need to do a better job of telling the benefits of this system. The real benefits are a year or two down the road. Roger stated that the benefits of the I/3 system, as well as the role of the SME's, needs to be further explained to customer agencies.

I/3 Update on H/R and Payroll Modules – Sharon Sperry

- HR/Payroll team held an ICN update session this morning. It was an overview of what DAS has been doing and what is planned going forward. Also included was discussing what decisions need to be made from a department perspective. What things that may change, etc.
- The DAS team is trying to identify training requirements and strategies.
- Also discussed the financial upgrade, performance issues and scheduling issues. The HR implementation date will be pushed out. It will not be implemented in October.

I/3 User Group and Finance Update – Lori McClannahan

- The system is being upgraded. The Financial module is planned for July 1 through the 4th.
- The budget module will be upgraded sometime in July. The new version of the budget will be used for FY07.
- We are focusing our energies on the finance upgrade which is critical. Once finance is completed, the payroll module will be next.
- We are also looking at things we can do for Data Warehouse.
- We are working very hard with client support to resolve some of our old issues that keep happening.
Continuing work on ALT's (annoying little things).
- Lori was asked to provide a one-page summary stating what SME's have accomplished and why we need to keep them here.
- Peggy also noted that the SME's are critical, because this is still in the implementation and learning phase. They will not be critical in the future when the system stabilizes and people become familiar with the functions and use of the system.

Complaint Process Review and Adoption – Roger Stirler

No quorum

Open Discussion

- The April meeting is cancelled due to member's scheduling problems
- **May 9th – DAS feedback session to review lessons learned and consider opportunities for improvement. To be held in Grimes Building, North and South Conference Rooms from 1:30 to 3:30.**

Agenda Items for Next Meeting – Roger Stirler

- Approval of Minutes of February 10, 2005 meeting
- Approval of Minutes of March 10, 2005 meeting
- Complaint Process Review and Adoption
- Discussion of the "numerator" and "denominator".
- Business Plan is due May 31st.
- Budget rate should be the main focus of the next meeting.

Close and Adjourn

Meeting adjourned

Respectfully submitted,
Nancy Williams, GSE – Recorder
281-7259

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State Accounting Enterprise

I/3 Interim Customer Council Meeting Agenda

May 12, 2005

1:30 – 3:30

Hoover Level B, rooms 2 and 3

This Council has not attained a quorum for the last two meetings. Please make every attempt to attend. If you can not attend this meeting, please notify Linda Plazak at 281-6124 or Roger Stirler at 281-3968 as soon as possible.

1. Call to Order – Roger Stirler
2. Additional Agenda Items – Roger Stirler
3. Approval of Minutes from February 10th meeting – Roger Stirler
4. Approval of Minutes from March 10th meeting – Roger Stirler
5. Complaint Process Review and Adoption – Roger Stirler
6. I/3 Update on H/R and Payroll Modules– Sharon Sperry
7. I/3 User Group and Finance Update – Lori McClannahan
8. I/3 Financial Update – Denise Sturm
9. Rate Discussion - All
10. Open Discussion
11. Agenda Items for Next Meeting – Roger Stirler
12. Close and Adjourn - Roger Stirler

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I/3 Interim Customer Council Meeting Minutes

May 12, 2005

June I/3 Customer Council meetings are scheduled for June 9th and June 23rd.

Present

Chairperson Roger Stirler, Department of Education; John Baldwin, Corrections, Carl Martin, AFSCME; Charlie Smithson, Ethics; Rich Jacobs, Department of Revenue; Steve Mosena, Department of Human Services; Peggy Sullivan, Judicial; Penny Westfall, ILEA; Lori McClannahan, DAS-I/3; Linda Plazak, DAS-Marketing; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; Mollie Anderson, Director, DAS; Deb Madison-Levi, DAS; Cal McKelvogue, Revenue; Nancy Williams, DAS/GSE; Carol Stratemeyer, DAS; Marcia Spangler, Public Health; Bill West, HRE; Brad Berg, Revenue.

Members Absent

None

Call to Order

Meeting called to order by Chairperson Stirler at 1:30pm.

Additional Agenda Items

Mollie Anderson, DAS Director spoke with the group.

- Thanked everybody who participated in the Customer Council Feedback session and said results of that session will be shared in June Council meetings. There were a lot of helpful ideas for improving the Customer Council Process.
- Calvin McKelvogue has shared the data he has provided in responses from some of you about different methods to set a rate for I/3. This Council has a big job to try to balance the needs of all of the small, medium and large customers.
- Many of you would still like to have the Legislative body recognize it is a Leadership function, that didn't happen this Legislative session.
- We know all of you expect us to make the system work; we accept that as our responsibility. We also know you expect us to find some solution to the money problem. We know that we distributed \$2.1 million for something that we are saying in FY'06 has an operating cost of \$4.5.
- There is an article in "Governing" magazine on the subject of ERP, which discusses the fact that many other states have had difficulties with the ERP systems, many more substantial than Iowa. I would encourage you to read the article.

DAS' job is to give you as much information as you need to make a decision and to be as forthright about the problems we have, the challenges and costs in the future. We are here to provide the information and to support you in making the decision. We have to find a solution that will work for everyone.

Approval of Minutes – February 10, 2005

Charlie Smithson indicated a correction on Page 2 – title I/3 Update on H/R and Payroll module, last bullet point – Representative Elgin is Chair of the House State Government Committee. Steve Mosena moved to approve the minutes with the above correction. Carl Martin seconded the motion. Motion passed.

Approval of Minutes – March 10, 2005

Change on Page 3, Topic I/3 User Group and Finance Update – to read, “Lori was asked to provide a one-page summary stating what SME’s responsibilities will be in the future. Steve Mosena moved to approve the minutes with the above change, Carl Martin seconded the motion. Charlie Smithson abstained since he was not at this meeting. Motion passed.

Complaint Process Review and Adoption – Roger Stirlor

Charlie Smithson asked for the following changes:

As a part of Purpose – Section B, add:

Pursuant to Iowa Code chapter 8A, and 11 Iowa Administrative Code 10.3, the Director of the Department of Administrative Services has the final authority to designate a service as a utility, upon consideration of economic factors, and input from applicable Customer Councils and upper levels of the Executive Branch.

Under Process, Section B, # 4 – change to read “within 10 business days”

Rich Jacobs made the motion to approve the changes recommended by Charlie Smithson. John Baldwin seconded the motion. Motion passed.

I/3 Update on H/R and Payroll Modules – Sharon Sperry

- Have reviewed the HR plan and looked at the requirements, reviewed information, did prioritizing for possible modifications to the product, etc. Will be meeting with the Administrators in DAS to go through that information before the end of May. From that, decisions will be made regarding a new schedule, then will be able to share that with State staff.
- May ICN session was cancelled.
- Implementation depends on the staffing levels, which have not been finalized yet. Implementation will not be this calendar year or January of 2006.
- Contingency plan will be built as we go through the actual project.
- Sharon advised that because IBM equipment is being used, IBM is on site, assisting DAS with the problem solving and to look at the overall system.
- The decision to move the Payroll/Human Resource function past the calendar year was made after the FY '06 rate was set, assumptions had been built in with the regard to the cost of continuing HRIS. This may change the cost of operation of I/3 for FY '06 and needs to be taken into account in rate discussions. Sharon Sperry advised in the FY '06 for the project, the pool technology request money was divided among the on-going support of the project. Denise Sturm stated the delay of this will require us to review that. We do need to look at the budget and need to bring it back to the Council either to clarify why it doesn't change or how our budget does change.

I/3 User Group and Finance Update – Lori McClannahan

- Budget Module – scheduled to be upgraded in October, after users input their FY '07 budgets into the system. They will use the current system for FY '07 budgets and also in June for the FY '06 budgets, which is tentatively planned to let them do that on 6/2/05 – remembering that is an “ever-moving date”.
- Data Warehouse – we are planning to upgrade that in October. The newer version of that has some differences that we need to do training on.
- Currently working on production problems. We are working toward a 7/1/05 implementation of the upgrade.

I/3 Financial update – Denise Sturm

- The FY '07 I/3 budget is not complete.
- Other issues to be addressed as part of budget development: Finance will be assuming HR is fully implemented with this budget preparation but also that by FY '07 will need to build into the initial budget some money for cash flow in order to meet payroll. There will be a compilation of that and Denise will show how that will be put together. This will be available at the next meeting.
- Billings – there was a “rounding error” because the billing system we are using now does calculate things based on days rather than actual months. DAS have given credits for that so it would work out.
- In lieu of not having the FY '07 budget completed, Finance used the '06 rate information to help build this rate analysis information that the Council requested.
- Peggy Sullivan stated we won't have any FY '07 numbers until June and then we have to approve a rate by July? Linda Plazak stated that July 19 is the deadline so DAS can do a 30-day notification period. Denise Sturm stated by the first of June, you will have the information. This is the same date for all Councils.
- Peggy Sullivan asked if we expect anything significantly different in FY '07? Denise stated there is increases for salary changes, would have to build in an assumption for cash flow for up to three or four payrolls for the I/3 team. The reason for this is that bills are sent in arrears. The trend we are seeing from the Legislature is that they don't want to fund cash flow so we need to consider this as part of this rate setting process.

Rate Discussion

- Rich Jacobs asked what is the rate likely to in FY '08, FY '09. Would DAS want to venture a guess as to what the operating cost of I/3 is going to be after FY '07? That is a suggestion to be considered when DAS is putting together the budget information for Council action. The Council would then have the information that this is likely to grow by X amount per year, etc. What DAS can provide in regard to future costs would help Council members.
- Peggy Sullivan asked when does this double? Denise Sturm replied, this next rate-setting period – FY '07. Denise stated DAS would be talking with DOM about how we deal with that funding request, what is the strategy or the guidance they will give, we have already started dialog with them. Director Anderson stated DAS would fight very hard for more than half of that bucket being filled. Denise Sturm stated it is DAS' hope to have information on this before June 1.
- Charlie Smithson stated he hoped there would be some leadership and coordination with all of the agencies. There needs to be some leadership coordination on some of these things up front. Roger Stirlor stated he felt there needs to be some real clear direction from DOM and IGOV. DAS needs to provide some leadership to lead an effort to effectively ask for funding next year.
- Calvin McKelvogue stated he would like to hear any different ideas as to possible ways of breaking the rate down so Accounting could use that to figure the numbers. Spreadsheets were distributed and discussed in detail. Brad Berg from Revenue and Finance was also in attendance to answer questions on the spreadsheets. Please note on Total Revenues, included in there is NOT the General Fund 990 funds, which is the taxes that Revenue basically collects as a whole – that is just where the money comes in and then it is doled out to everyone else.
- Calvin McKelvogue stated the different functionalities within I/3, the ones that are available right now, we have included: Finance & Budget for e-procurement, Cost Accounting and Fixed Assets, Accounts Receivable and Inventory.
- Rich Jacobs asked Accounting to come back to us with a presentation with what the rate is for FY '05, FY'06. They don't seem to be talking a great deal about the functionality of Fixed Asset, e-Procurement, Budget, Accounts Receivable or Inventory Management costs. This system has many modules and is useful in other ways than just paying a bill. What alternatives could be thought of to give some weight to these other functional areas.
- Peggy Sullivan stated:
 - There are numerous ways of how we are going to look at this and how we are going to “slice this pie”.
 - I asked for this particular information just to give the group or anybody that wants to look at it, an idea of how small the Judicial branch is in the overall scheme of state government. We are the third branch of government, an equal branch of government, but from the accounting system or even from the functionality system, Judicial is a very small portion of this. Judicial

has our own accounts receivable system, our own fixed asset system, and doesn't need a cost accounting system. The majority of our expenditures are payroll to our employees.

- On the functionality standpoint, we are very limited in what we need to do, we need to write payroll and we need to pay bills. We have our own budgeting system.
- Any of the other alternatives that we have discussed are probably going to be more fair than allocating it by FTE – which allocates to us about 8% of the total cost.
- I am quite willing to talk about any other method other than FTE, which is what we have used for the past two rate settings.
- Director Anderson
 - I think you are going to have to look at some “blended method” which is not something we have done other places.
 - I don't see any other way that you are going to be able to arrive at some kind of consensus for your group.
- Peggy Sullivan
 - The Judicial Branch is prepared and is working right now on releasing our own RFI to look at our own system to do this. Because, we think we can probably do it cheaper than what we might be charged – that has been prepared, we are working on that right now and we are seriously considering that.
- Director Anderson stated DAS is aware of that. I believe it to be in our best interests for us to find a “blended rate” that in some ways benefits all of you to some degree than to fight forever for one that is only good for you. The system was developed for the common good of all the people that is what the Legislature thought when they suggested this system. We have to find a system that is in the best interests of the small, medium and large agencies, the only way to do that then is some kind of “blended rate”.
- Peggy Sullivan stated she was asked to share with you, Judicial very much wants to be a part of this system, we just only want to pay our fair share and we will not subsidize an executive branch activity.
- Discussion of how we inform our constituents of this. Roger Stirler responded he is currently giving an update on the monthly conference call of the activities of the Council. Roger also brings this up every quarter at the Financial Manager's meeting while trying to get these people to give feedback and generate some interest from them. Roger stated he agrees, we do need to be very clear about it in communicating the direction we are taking this before we vote on it.
- Charlie Smithson stated we should get input from other agencies.
- Roger Stirler stated one option would be to craft a message we could send to all financial managers about the direction we are heading. It was noted there should be some consistency in the message. Something that would summarize '05, '06, '07 – those would be the issues and how it impacts each agency. Charlie Smithson recommended streamlining the information some way.
- Meeting dates in June: June 9 and June 23 – 1:30 pm.

Open Discussion

- John Baldwin stated sometime in the future he believes the State should bring an independent non-biased, non-connected source in and see if the hardware lines, software of the I/3 system are compatible. The Council needs to be more pro-active. Would like to see us consider that sometime after the rate setting.

Agenda Items for Next Meeting

- Rates

Close and Adjourn

John Baldwin moved for meeting to adjourn. Carl Martin seconded motion. Motion passed. Meeting adjourned at 3:45pm.

Respectfully submitted,
Nancy Williams, GSE 281-7259



Iowa Department of
Administrative Services

Director's Office

Thomas J. Vilsack, Governor
Sally J. Pederson, Lt. Governor

Mollie K. Anderson, Director

State Accounting Enterprise

I/3 Interim Customer Council Meeting Agenda

**June 9, 2005 at 1:30 – 3:30
Hoover Level B, rooms 2 and 3**

Please make every attempt to attend. If you can not attend this meeting, please notify Linda Plazak at 281-6124 or Roger Stirler at 281-3968 as soon as possible.

1. Call to Order – Roger Stirler
2. Additional Agenda Items – Roger Stirler
3. Approval of Minutes from May 12th meeting – Roger Stirler
4. ICN Internet Performance Impact on I/3 – Phil Groner
5. Update from Mollie Anderson – Mollie Anderson
6. I/3 Update on H/R and Payroll Modules– Sharon Sperry
7. I/3 User Group and Finance Update – Lori McClannahan
8. I/3 Financial Update and Rates – Denise Sturm
9. Rate Discussion - All
10. Open Discussion
11. Agenda Items for Next Meeting – Roger Stirler
12. Close and Adjourn - Roger Stirler

**NEXT MEETING IS SCHEDULED FOR JUNE 23rd
HOOVER LEVEL B 1:30 – 3:30**

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I/3 Interim Customer Council Meeting Minutes

June 9, 2005

Present

John Baldwin, Corrections; Carl Martin, AFSCME; Charlie Smithson, Ethics; Rich Jacobs, Department of Revenue; Steve Mosena, Department of Human Services; Peggy Sullivan, Judicial; Mollie Anderson, DAS Director; Mark Johnson, DAS; Patricia Lantz, DAS; Nancy Berggren, DAS; Lori McClannahan, DAS-I/3; Linda Plazak, DAS-Marketing; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; DAS; Deb Madison-Levi, DAS; Cal McKelvogue, Revenue; Nancy Williams, DAS/GSE; Marcia Spangler, Public Health; Brad Berg, Revenue; Julie Sterk, DAS; Patrick Deluhery, DAS; Phil Groner, ICN.

Members Absent

Chairperson Roger Stirler, Department of Education; Penny Westfall, ILEA.

Call to Order

Meeting called to order by Vice Chair John Baldwin at 1:30 p.m.

Additional Agenda Items

Not discussed

Approval of Minutes – May 12, 2005

Rich Jacobs moved to approve the minutes as presented. Steve Mosena seconded the motion. Motion passed.

ICN Internet Performance Impact on I/3 – Phil Groner

Phil Groner gave a slide presentation to the group, topics included:

- Network Switch-up Time %
- # of dropped calls
- Total network peak bandwidth used vs. available
- There is bandwidth to use for applications such as I/3
- Internet providers (Sprint/AT&T/Level 3)
- We have additional capacity if needed.
- May Agency Internet Usage (for individual agencies that are connected directly to the ICN internet connection) discussed.
- Internet TCP percent re-transmits
- Internet latency chart – a measurement of performance on our three backbone providers.

The ICN is in the process of looking at an RFP. One of the things ICN consistently does is look at ways to reduce Internet costs for customers. The ICN has a rate reduction scheduled

for July 1, 2005 on our Internet rates.

There is a lot of bandwidth on our network; this is available for the individual agencies to purchase. If you are interested in increasing bandwidth, changing the type of connection, etc., contact our office. ICN offers volume discounts.

Update from Mollie Anderson, DAS Director

- DAS made the decision this week to delay the upgrade for the finance piece until September, 2005.
- This afternoon, several of us will be meeting with CGI-AMS regarding the product, and comments from customers about the product. Additionally, we will discuss the timeframe of the original estimate and cost. We will also be discussing the HR module, the last module to be loaded in the system.
- DAS believes the HR piece is very important; the original goal of this project was to have an integrated system to address budget, finance, HR, procurement, inventory, and vendor management.
- Our desire is still to move ahead with that; we are at the point where we need to have a serious discussion with our vendor and to end up with a positive result. We have also shared with them the concerns over the cost of the system, the construction delays and the cost to operate.
- We will continue to use Sharon Sperry and Lori McClannahan to communicate with the customers on a regular basis. It is very important to have a feedback mechanism for you to respond to. I believe the improvements we have made in that area have been very valuable.
- What you are doing for I/3 is extremely important, the big question is where we will get the funds for the increased costs in construction and the increased cost of operations. Those are discussions we have to have with other parties present at the table, including IDOM and IGOV. Your discussion and comments are a very important part of that.
- Today, please focus on what is the appropriate methodology.
- The issue of solving the amount of money to fund it has to happen in another place. Possible sources to solve both the construction increase as well as the operating increase might come from five different methods:

- 1) An appropriation
- 2) Pool Technology money
- 3) Customers absorb
- 4) Budget constructed around what you could afford to pay
- 5) Look for some other sources of funding

I/3 Update on H/R and Payroll Modules – Sharon Sperry

- Working on the “brass ring,” which is the application employment process. This is scheduled to start within the next month.
- Reviewed contract mods, custom mods and we are having some conversation on ones we believe should be contract, but haven’t been identified as such.
- Doing system configuration, report review and prioritize as far as what the needs are and working with the new numbers, new schedules and the people it would take.
- As a result of all of our reviews the past couple months, we decided to go ahead and postpone any more sessions until the Fall.
- Finance - we did bring up a new data base server which we didn’t anticipate would solve our problems, but we do have plenty of power in our data base site now.

I/3 User Group and Finance Update – Lori McClannahan

- There have been changes in the production environment that have helped our performance some. It’s probably not going to get much better until the upgrade.
- Upgrade – has been delayed until Labor Day.
- Still working with testing.

I/3 Financial Update and Rates/Rate Discussion – Denise Sturm

Denise Sturm provided a binder for all members to keep the financial information organized. Denise went through the binder in detail. You will be asked to set an I/3 utility rate for fiscal year 2007.

Please continue to bring this binder back to each meeting to help you follow along as we go through the rate discussion.

- Tab 1 – I/3 Overall Budget Assumptions
- Tab 2 – I/3 Utility Rates – Rate History
- Tab 3 – I/3 Total Operating Budget FY07 Baseline I/3 Fund
- Tab 4 – I/3 Total Operating Budget – FY 2007 – FY 2006 comparison – I/3 Fund
- Tab 5 – Blank at this time
- Tab 6 – Blank at this time
- Tab 7 – Blank at this time
- Tab 8 – DAS Shared Services, Appropriation C85 FY 2007 Budget
- Tab 9 – Blank at this time
- Tab 10 – I/3 Pro's/Con's Billing Methods

Denise Sturm discussed - Tab 7 – nothing in there currently; however, it will be an item that will be of concern financially for the I/3 utility. A total working capital needed is estimated to be four payrolls at approximately \$95,000 each.

In addition to the ongoing costs, I/3 utility will need working capital to meet its payroll obligations in FY '07. DAS collects for all services in arrears, approximately 15 to 20 days in the month following the payroll expense. This would be a one-time cost for the utility in FY '07 and the Council needs to discuss how to handle this additional cost. Calvin stated there was no money appropriated to cover this.

Charlie Smithson asked if the vendor met its contractual deadlines. Did the vendor provide a functional product when it was supposed to and did they come within the financial guidelines in the contract? Mollie Anderson advised the contract and the modification have all been approved; there is a modification on the table right now that is the subject of discussion this afternoon.

Mollie Anderson noted:

- The contract includes penalties.
- One always has to consider when you are purchasing something as complicated as this, (five phases, several modules), that you have a relationship with the contractor where you don't reach a point where you can't complete the project.
- We know people are unhappy about the system and we have conveyed that to the vendor.
- The cost we have articulated for the system we want to install here is \$20 to \$30 million below what other states have been able to achieve.
- The vendor has contributed above their contract.

Denise asked Council members to look at some of the pro's and con's that DAS came up with for each one of the billing methodologies wherein analysis is shown at Tab 10 – pages 1 & 2. You want the customer to be able to understand what they are being billed for and why they are being billed the amount they are and they want to be able to understand how the cost relates to the benefits that they receive.

Various methodologies were discussed at length.

Rich Jacobs noted we need discussion about longer-term budget issues related to this project and as customers ask probing questions.

Denise Sturm stated we want to encourage use of the system; it was designed to be an integrated financial system. Is it going to thwart people's use of the system any time you cost something out that is going to be based on utilization or based on accounting lines?

Calvin added one of the things we don't want to do is prohibit people from using it or causing them not to want to use it. The number of transactions is one that is a benefit to each of the departments. What do you do with expenses when you have some departments that send out over a billion dollars worth of payments, but its only 300 warrants every time they do it? Your options are pretty difficult right now; we need a blended rate of some type. Everything has an impact on some department no matter how you do it.

Calvin stated one thing you have to remember about the financial system is the HR payroll and the budget are all geared to the financial system. In some way, shape or form, those systems would have to have the financial system to be able to do their type of transactions. They are not stand-alone systems. We need to get to something that has the least impact on departments.

Committee consisting of: Rich Jacobs, Roger Stirler, John Baldwin and Peggy Sullivan to meet to come up with a couple ideas to be considered at the next meeting.

Open Discussion

None

Close and Adjourn

Meeting adjourned at 3:35 p.m.

Respectfully submitted,
Nancy Williams, GSE 281-7259

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Iowa Department of
Administrative Services

Thomas J. Vilsack, Governor
Sally J. Pederson, Lt. Governor

Mollie K. Anderson, Director

I/3 Interim Customer Council Meeting

Agenda

Thursday, June 23, 2005

1:30 - 3:30

Hoover B Level, Conference rooms 2 & 3
Hoover Building

1. Call to Order – Roger Stirler
2. Approval of Minutes from June 9, 2005 meeting – Roger Stirler
3. I-3 Rate Setting – continued discussion
4. Agenda Items for Next Meeting – Roger Stirler
5. Close and Adjourn - Roger Stirler

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I/3 Interim Customer Council Meeting Agenda

Thursday, June 23, 2005

1:30 - 3:30

Hoover B Level, Conference rooms 2 & 3

Hoover Building

- Call to Order – Roger Stirler
- Approval of Minutes from June 9, 2005 meeting – Roger Stirler
- I-3 Rate Setting – continued discussion
- Agenda Items for Next Meeting – Roger Stirler
- Close and Adjourn - Roger Stirler

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I/3 Interim Customer Council Meeting Agenda

Thursday, September 8, 2005

1:30 - 3:30

Hoover Building, B Level, Conference rooms 2 & 3

1. Call to Order – Roger Stirler
2. Approval of Minutes from June 23, 2005 meeting – Roger Stirler
3. DAS Director Anderson Report
4. I-3 Rate Setting – continued discussion
5. Agenda Items for Next Meeting – Roger Stirler
6. Close and Adjourn - Roger Stirler

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State Accounting I/3 Interim Customer Council Meeting Minutes September 8, 2005

Present

Roger Stirler, Department of Education; John Baldwin, Corrections; (Via Cell Phone) Carl Martin, AFSCME; Charlie Smithson, Ethics; Peggy Sullivan, Judicial; Steve Mosena, Department of Human Services; Penny Westfall, ILEA; Mollie Anderson, DAS Director; Mark Johnson, DAS; Patricia Lantz, DAS; Lori McClannahan, DAS-I/3; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; DAS; Deb Madison-Levi, DAS; Cal McKelvogue, Revenue; Nancy Williams, DAS/GSE; Brad Berg, Revenue; Julie Sterk, DAS; John Gillespie, ICN/ITE/ Carol Stratemeyer, DAS; Jean McPherson, DAS; Sharleen Newton, DAS.

Members Absent

Rich Jacobs, Department of Revenue & Penny Westfall, ILEA;

Call to Order

Meeting called to order by Chairman Roger Stirler at 1:30 p.m.

Approval of Minutes – June 23, 2005

Steve Mosena moved to approve the minutes as presented. Peggy Sullivan seconded the motion. Motion passed.

DAS Director Anderson Report

· I/3 Upgrade

- Director Anderson thanked everyone who worked over the holiday weekend on the update stating they deserve our respect and appreciation for the hard work put into this project.
- Importance of setting a rate today for I/3. Agencies are in real need of a decision on our rate since it is a part of their budgeting process.
- Noted there has been much concern over the fact that the Committee had set a rate, in some cases over 60% more than what agencies budgets have in them and that agencies would be unable to absorb that expense for the I/3 system. People are not 100% delighted with the I/3 system yet and it is very hard for them to think about paying 60% more than what they pay today.
- The DAS team and the DOM team have discussed ways in which we would be able to cover the additional expense. The teams have discussed with the Feds ways we might use current resources to help “buy-down” the rates to ensure customers would not be charged more than what their resources were for another year. They have agreed on the proposed methodology, which will

allow DAS to use \$1.6 million dollars in ITE's current I/3 balance to offset the increased cost to agencies.

- Agencies will be charged the new rate, based upon the methodology the Committee will hopefully approve today. Agencies will then receive a bill from DAS, based upon that rate, but agencies will be given a credit proportionately to ensure that your agency has adequate resources, the amount that you have been distributed (the \$2.3 million dollars), plus the now \$1.6 million dollars that would be credited to the various different departments to cover the cost of the I/3 system for '07.

- A decision has been made by DAS/DOM team to delay the implementation of the final phase of the I/3 system. Based upon the schedule we were given, the last module would become live the 2nd month of a new administration with the calendar being proposed. Because of that and because we feel it is best to use our limited resources to work on getting the full functionality out of the pieces we have already purchased and implemented, we believe we should delay the implementation and allow the next governor to make a decision about whether they would proceed and whether they want to invest additional resources in this program.

- DAS will enter into negotiations with AMS to freeze a price that would allow AMS to lock in a price which the new governor could decide whether he/she would want to execute or not.

- DAS would also enter into an agreement to decide what to do with the licensing fees, which have already been paid for the final module. It would allow us to decide what that final module is going to look like and what part of it is baseline and what is customized. We will enter into negotiations to evaluate that.

- The decision today is for you to tell your customers, your peer agencies, is that we will not be proceeding with the implementation schedule for the final phase and that for '07 they will not have increased costs they have to worry about as a result of the strategy that the Feds have agreed to.

- DAS will be establishing a Q&A to answer many of the questions you may have, i.e. what is included with AMS? What is the time frame to proceed?

- Cal McKelvogue Comments

- Budget for the I/3 system is remaining at the \$4.8 to \$4.9 million-dollar figure. That does not change. Some of the expenses we lose because we don't implement the HR/Payroll, the normal operating expenses we would have had, are just picked up now that we have to pay mainframe expenses for the old HRIS system; therefore it is basically a trade-off between whether we are on a server or a mainframe system.

- We have the \$1.6 million we are going to use out of the ITE balance they have. You will see the credit when Revenue pays the bill for I/3. There will be \$1.6 million in '07 that ITE will credit the I/3 program for.

- DOM has agreed that the SME's will be become general fund appropriated right now. That amounts to between \$900,000 and \$1 million dollars of additional expenses.

- The issue is the allocation basis or the cost basis that is used to charge those expenditures to the individual departments. When the money was distributed, it was done on an FTE basis. The Federal Government is not willing to accept that for an accounting system. For the HR part, they would accept that but for the accounting system, they want some type of a transaction-type basis or revenue base or expense base, they want a different basis than the way the money was distributed. The hard part that comes from this is that the \$2.3 million is all that is going to be charged to the departments but it may not be charged to each individual department the same way it has been in the past.

- Your tough decision is – what cost basis do you use for the \$2.3 million and the impact it is going to have on different departments.
- HR module – most of the HR part is going to be completed, the applicant tracking, etc. will be completed under this contract. What won't be done is any of the payroll.

- Denise Sturm Comments

- DOM will be seeing the allocation basis and they will know which agencies had a windfall and which departments did not. DOM has said they expect in areas where rates have gone down that people will ask for less money if that had been built into their budgets.
- Steve Mosena stated as we look to '08, under the program areas we need to know if we can get a breakdown of how that is per program (rather than just all program areas).
- I/3 Operating Budget was distributed noting there is no real change in the overall budget.
- Cal McKelvogue stated clearly, this is a "one year fix" for this problem. In '08 we will be dealing with the same problem – where are we going to get the funding from?

I/3 Rate Setting

- Two proposals distributed: 1) proposal the sub-committee worked out on the \$2.3 million; and 2) the proposal Brad Berg & Calvin McKelvogue had submitted to the Feds – the proposal based on the number of revenue transactions, number of expenditure transactions and number of warrants and that is based on the \$2.3 million.
- Calvin noted there are going to be additional costs to some departments and some departments are going to have a windfall (where their charges this year are going to be less than what they had distributed to them).
- The Feds are only going to accept something that is a transaction-based system, they are not interested at all in dealing with a system where you give everybody equal costs, etc.
- Roger summarized the proposed rates: 1) our initial proposal which we discussed with the Feds, they are now in agreement that is an acceptable proposal. This is the one where we split out HR/Payroll at 100% based on FTEs, budgets 25% on expenditures and 25% on revenues and financials 50% on FTEs. 2) Second one we looked at the number of revenue transactions, number of expense transactions and the number of warrants issued. Feds have backed off from looking at this as an acceptable proposal. The other piece, DAS will be "buying down" the rate by \$1.5 million and about \$1 million dollars in the SME's will be put into an offer to be funded by the General Fund. We are looking at setting a rate for today is the \$2.3 million (the same as the FY '06 costs). DAS will carry the offer for the SME's. Cal noted the Feds have stated the FTE method is not acceptable cost basis for an accounting system; they want this Council to come up with a different basis in which to do this. In doing this, it causes some cost-shifts between departments.
- Roger noted the Council did have a September 1, 2005, deadline for setting a rate in the rules. Roger requested a waiver and DAS Director Mollie Anderson approved that waiver.
- Charlie Smithson moved, based on the circumstances, that the Council retroactively support and accept the Chair's filing the petition for the waiver for the rule in question. Carl Martin seconded the motion. Motion passed.
- Steve Mosena stated he would like the Council to work to find some mechanism to allow some agencies to move some of the dollars so they aren't caught with a large negative impact. Roger Stirler stated in the Council's communication to agencies we need to emphasize a need for them to work closely with their DOM analyst to help

facilitate that. Council discussed sending a letter from the Council to DOM supporting this.

- Charlie Smithson moved, based on the over-riding good faith that DAS has demonstrated, that the 1/3 Council approve the rate set and the methodology used as set out by the sub-committee. Along with that, that the Council communicate to IGOV and IDOM that they explore all avenues to try to move funds around within the agencies to lessen the impact of those who benefit and lose money under that scenario and that we also work together for any Legislative efforts on the part of DAS or any agencies legislation in the upcoming session to make the process smoother for everyone. Peggy Sullivan seconded the motion. Motion passed.
- Steve Mosena wanted on the record that the Council seriously find a way to get some partial funding for this system from the Legislature directly since agencies just cannot afford the costs.
- Comments to agencies – DAS Director Mollie Anderson stated agencies would be notified that a rate has been set and given the opportunity to comment. Roger noted that the document must be “cleaned up” before distributing to agencies.

Agenda Items for Next Meeting

- Business Plan needs to be completed. Calvin noted we have a rough draft, which should be finalized and sent out to members for the next meeting.
- Director Anderson would like the Council to be given a presentation (report) on how well the system is working – “How are we doing with the system at the current time?”

Next meeting scheduled for Thursday, October 13, 2005 @ 1:30pm.

Close and Adjourn

Meeting adjourned at 3:00 p.m.

Respectfully submitted,
Nancy Williams, GSE 281-7259

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